

## Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 02565 181346Z

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ACTION NEA-16

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FPC-01 H-03 INR-10 INT-08 L-03

NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SP-03 SS-20 STR-08 TRSE-00 FEA-02 SIL-01 LAB-06 PA-04

PRS-01 USIA-15 DRC-01 /172 W  
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R 181310Z JUN 74

FM AMEMBASSY KUWAIT  
TO SECSTATE WASHDC 0006  
INFO AMCONSUL DHAHRAN  
AMEMBASSY JIDDA

C O N F I D E N T I A L KUWAIT 2565

EO 11652: GDS

TAGS: CASC, KU, SA, ENRG

SUBJ: GOK MEASURES AGAINST GETTY OIL CO

REF: KUWAIT 2483

SUMMARY: GETTY IS CONTINUING OPERATIONS AND GOK IS STILL PROCESSING PAPERS FOR COMPANY; HOWEVER, GOK HAS CHARGED GETTY WITH VIOLATIONS KUWAITI LABOR LAW AND THREATENED SIZEABLE FINES IF SITUATION NOT RECTIFIED WITHIN WEEK. COMPANY ALSO BEING OTHERWISE HARRASSED. MEANWHILE REFINING AND LOADING OPERATIONS PROCEEDING AT HIGHEST POSSIBLE LEVEL WITH POORLY MAINTAINED PLANT AND LACK OF SKILLED PERSONNEL SO THERE IS DANGER OF SERIOUS ACCIDENT. PROFIT-ABILITY OF OPERATION, HOWEVER, VERY HIGH--FIVE MILLION DOLLARS IN MAY--AND MANAGER APPARENTLY PROCEEDING WITH GETTY'S BLESSINGS. EMBASSY RECOMMENDS THAT COMPANY BE CAUTIONED AGAINST RECKLESS OPERATION WITHOUT REGARD FOR WORKERS' SAFETY AND THAT POSSIBILITY OF SHUTTING DOWN REFINERY FOR OVERHAUL BE EXPLORED. END SUMMARY.

1. GETTY OIL CO MANAGER CHACE (CORRECTED SPELLING) TODAY INFORMED  
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PAGE 02 KUWAIT 02565 181346Z

CHARGE OF FOLLOWING NEW DEVELOPMENTS:

2. GETTY RECEIVED GOK LETTER DATED JUNE 17 CHARGING COMPANY WITH 15 VIOLATIONS OF KUWAIT LABOR LAW, E.G. ALL EMPLOYEES MUST HAVE GOK WORK PERMITS, OVERTIME PAY AND THRIFT PLAN MUST CONFORM TO GOK LAW, ETC. GOK LETTER THREATENS FINE OF KD 3 PER EMPLOYEE PER DAY IF VIOLATIONS NOT RECTIFIED IN WEEK. (GETTY HAS ABOUT 850 EMPLOYEES, 90 PERCENT SAUDI.) CHACE SAYS SAG OPPOSES COMPLIANCE ON MOST POINTS SO HIS HANDS TIED.

3. ALTHOUGH GOK NOW WILLING PROCESS PAPERWORK FOR COMPANY, IT BALKING ON APPROVING WORK PERMITS FOR NON-KUWAITIS, AND SAG INSISTS ON EMPLOYMENT SAUDIS.

4. CHACE SAID GETTY HAD MADE MINOR CONCESSIONS--KEEPING NON-COMPANY CHILDREN IN GETTY SCHOOL AND ADMITTING ALL COMERS TO HOSPITAL--BUT IT STILL NOT HIRING KUWAITI WORKERS OR CONTRACTORS OR DOING PURCHASING IN KUWAIT SINCE SAG OPPOSES.

5. KUWAITI GOVERNOR OF AHMADI DEMANDED GETTY TAKE FURTHER MEASURES TO CLEAN UP OIL SPILL. SPECIFICALLY DEMANDED COMPANY REMOVE 2 FEET OF SAND FROM ONE AND HALF KM OF BEACH AND REPLACE WITH CLEAN SAND. CHACE SAYS THIS UNREASONABLE AND IMPOSSIBLE.

6. MEANWHILE, GETTY OPERATIONS PROCEEDING FULL BLAST WITH VERY RICKETY PLANT AND SHORTAGE OF QUALIFIED PERSONNEL. SMALL TOPPING PLANT WITH 35,000 BPD CAPACITY NOW PROCESSING 50,000 BPD AND OFTEN LOADING HOT FUEL OIL DIRECTLY TO SHIPS FROM REFINERY, BY-PASSING STORAGE TANKS. IN ADDITION LOSS HOFFMAN AND ANDERSON, TWO FOREIGN (BRIT AND US) REFINERY EMPLOYEES LOST LAST WEEK WHEN BRIT BECAME MENTAL CASE AND CONFINED TO HOSPITAL AND LATTER VERY SERIOUSLY INJURED IN AUTO ACCIDENT. OTHER PERSONNEL ARE POORLY TRAINED AND OVERWORKED BECAUSE COMPANY SHORTHANDED. CHACE DESCRIBES SITUATION AS "EXTREMELY DANGEROUS", AND SAYS HE IS TAKING "MASSIVE RISKS" AND THAT WHOLE OPERATION IS RUNNING "CLOSE TO DISASTER".

7. FEW DAYS AGO A FAULTY GASKET IN REFINERY LEAKED LETHAL GAS INTO SURROUND AREA. NO ONE INJURED, BUT SEVERAL PEOPLE MIGHT HAVE BEEN KILLED. PLANT HAS NOT BEEN PROPERLY MAINTAINED AND MORE BREAKDOWNS EXPECTED.

CONFIDENTIAL

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PAGE 03 KUWAIT 02565 181346Z

8. CHACE HAS WRITTEN FULL DETAILS TO GETTY, BUT HAS RECEIVED NO ORDERS TO MAKE ANY CHANGES OR TAKE ADEQUATE SAFETY MEASURES. GETTY OPERATION MADE SIX MILLION DOLLARS IN MAY (IT WAS MARGINAL OPERATION BEFORE OCTOBER WAR) AND THIS IS APPARENTLY WHAT GETTY WANTS. IF PLANT HOLDS TOGETHER, OPERATION COULD MAKE FIFTY TO SIXTY MILLION DOLLARS THIS YEAR.

9. COMMENT: EMBASSY CONSIDERS GETTY OPERATION AS DESCRIBED BY CHACE IS EXTREMELY HAZARDOUS AND RECOMMENDS COMPANY BE WARNED AGAINST CONTINUING OPERATIONS RECKLESSLY WITHOUT REGARD TO SAFETY PERSONNEL. CHACE INDICATED THERE SOME POSSIBILITY REFINERY WOULD BE SHUT DOWN AND THIS APPEARS ONLY REASONABLE THING TO DO UNTIL PLANT CAN BE REPAIRED AND COMPETENT PERSONNEL CAN BE OBTAINED. IF SERIOUS ACCIDENT OCCURS, GETTY--AND TO SOME EXTENT USG-- WILL BE IN REAL DIFFICULTY.

10. IN TRYING TO DIVINE GOAL OF PRESENT GOK HARRASSMENT, CHACE MENTIONED SAUDIS GIVING KUWAITIS VERY HARD TIME WITH RESPECT TO ARABIAN OIL CO (JOINT KUWAIT-SAUDI OFFSHORE CONCESSIONAIRE), LOCATED IN SAUDI TERRITORY. SAUDIS DEMAND THAT ONLY SAUDI CONTRACTORS BE USED, AND ALL PURCHASES MUST BE IN SAUDI ARABIA. FEW KUWAITIS EMPLOYED THERE. CHACE AGREED IT POSSIBLE KUWAITIS RETALIATING SAUDI MOVES, GOADED BY GETTY NON-COOPERATION. ONE MFO OFFICIAL TOLD CHACE THAT MINA SAUD (GETTY OPERATION) SHOULD BE CLOSED DOWN AND GETTY AND AMINOIL SET UP JOINT OPERATION AT MINA ABUDULLA (AMINOIL LOCATION). CHACE DID NOT COMMENT ON PRACTICABILITY OF SUCH AN OPERATION, BUT EMBASSY BELIEVES AMINOIL AND GETTY WOULD BOTH BE RELUCTANT GET INVOLVED IN SUCH AN ARRANGEMENT AND, IN ANY CASE, SAUDIS UNLIKELY GO ALONG. MCCLELLAND

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